

**Western Massachusetts Electric Company**  
**Docket No. DTE 03-121**

**Information Request DOER-01**  
**Dated: 03/26/2004**  
**Q- DOER-WMECO-1-001**  
**Page 1 of 6**

**Witness: Edward A. Davis**  
**Request from: Division of Energy Resources**

**Question:**

Referring to Mr. Davis' testimony at page 2, lines 3 - 4, please provide a complete copy of your testimony presented before the Connecticut Department of Public Utility Control in Docket Nos. 92-11-11 and 99-03-36.

**Response:**

Mr. Davis testified before the CT DPUC in dockets 92-11-11 during a technical session and in docket 99-03-36 as part of a panel. Except for the brief answers shown on the attached pages, Mr. Davis' responses pertaining to stand by rates were not transcribed. Mr. Davis did not submit pre-filed testimony in these dockets.

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1 THIS TRANSCRIPT CONTAINS 288 PAGES

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3  
4 DRAFT

5 FOR REVIEW AND CORRECTION PURPOSES ONLY

6  
7 STATE OF CONNECTICUT  
8 DEPARTMENT OF PUBLIC UTILITY CONTROL

9  
10 Docket No. 99-03-36  
11 DPUC Determination of the  
12 Connecticut Light & Power Company's  
13 Standard Offer

14  
15 Late-File Hearing held at the  
16 Department of Public Utility Control, 10  
17 Franklin Square, New Britain, Connecticut, on  
18 August 17, 1999, beginning at 09:30 o'clock  
19 a.m.

20  
21 H e l d B e f o r e:

22 \* The Hon. DONALD W. DOWNES, Chairperson

23 CAT NGUYEN, ESQ., Legal Advisor

24  
25 \* Present as noted.



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1 cross-examination of the company. We have no  
2 further questions.

3 THE CHAIRPERSON: I believe  
4 Mr. Marcelynas has a line of questioning  
5 which may impact one or more issues that you  
6 have some interest in. In that case, I think  
7 maybe we will ask Mr. Marcelynas to go ahead  
8 and do his line of questioning. I mean, at  
9 least you will be present and you'll have  
10 some knowledge of what's going on here.

11 MR. WEISHAAR: That would be  
12 great, thank you.

13 THE CHAIRPERSON: Please  
14 proceed at your convenience, sir, identify  
15 yourself for the record.

16 MR. MARCELYNAS: Art  
17 Marcelynas, Department staff.

18 EXAMINATION

19 BY MR. MARCELYNAS:

20 Q. (Marcelynas) I'd like to please  
21 refer to the stipulation that was filed on  
22 August 10th regarding the rates 91, 39 and  
23 985.

24 A. (Soderman) Yes.

25 Q. (Marcelynas) Item 2 of the

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1 A. (Soderman) Yes, that's correct. I  
2 think that's what our position has been  
3 consistently.

4 Q. (Marcelynas) The next item states  
5 "assume that C&LM and renewables are in  
6 current rates (no adders)" what does that  
7 mean?

8 A. (Soderman) I think it means the  
9 same thing that we just described, that the  
10 rates and charges for these customers, and I  
11 will defer to Mr. Weishaar to see if he  
12 agrees --

13 THE CHAIRPERSON: He will get  
14 a shot in just a minute.

15 A. (Soderman) -- that we will assume  
16 that they are making their contribution  
17 towards those charges in the rates that they  
18 would pay.

19 BY MR. MARCELYNAS:

20 Q. (Marcelynas) That assumes the  
21 company is going to pay those funds 100  
22 percent?

23 A. (Soderman) When it gets so much  
24 revenue under these costs, under the rates  
25 that aren't going to change, and we have to

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1 stipulation indicates a few bullets, and it  
2 reads that "Charges under the rates 21, 39  
3 DRR and 985 shall remain at 12/31/99 levels"  
4 and then it goes on to say "no 10 percent  
5 discount." Then "No extraction of CTA/SBC  
6 from current rates," and then in parentheses  
7 "(these customers will continue to pay  
8 whatever they are currently paying)."

9 Can you explain what that means?

10 A. (Soderman) Sure. We are not going  
11 to charge them a separate CTA or SBC. They  
12 are going to pay the contractual prices that  
13 they paid today and there won't be any change  
14 for these customers.

15 Q. (Marcelynas) The word "extraction"  
16 doesn't mean that the company is not going to  
17 extract some value from revenues and assign  
18 it to CTA, this means no assessment, is what  
19 you are telling me?

20 A. (Soderman) We are not going to  
21 create a new assessment for these customers,  
22 that's correct.

23 Q. (Marcelynas) It doesn't preclude  
24 recognizing some portion of that revenue as  
25 applying to these charges?

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1 figure out how to allocate those revenues to  
2 cover the costs for things like renewables  
3 and conservation and CTA responsibilities and  
4 SBC responsibilities out of those revenues.

5 Q. (Marcelynas) To the extent that  
6 the public act defines any of these four  
7 items, CTA, SBC, et cetera, as nonbypassable,  
8 that it should appear on the customers' bills  
9 and be assessed, how is the company planning  
10 to address that? Would that be better to be  
11 briefed instead of --

12 A. (Soderman) Yeah, I think our take  
13 on that is that under the act it said that  
14 you could not -- you would not assess to  
15 special contracts the CTA and SBC charges.

16 Q. (Marcelynas) So those two are  
17 covered?

18 A. (Soderman) With regard to the  
19 renewables and C&LM, I think it's implicit  
20 that they are being collected in those  
21 customers' charges by this agreement, and I'm  
22 not sure it serves anyone's purpose to kind  
23 of change the billing methodology that is  
24 currently under way for them.

25 We were not planning on unbundling



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1 those bills.

2 A. (Davis) Recognizing in a rate 985  
3 by reference to the general service rates,  
4 under those general service rates you may see  
5 those explicit charges.

6 Q. (Marcelynas) Okay.

7 THE CHAIRPERSON: All set.  
8 Mr. Weishaar, would you care to follow up on  
9 anyone or all of those points, sir?

10 MR. WEISHAAR: I would just  
11 note for the record that Mr. Soderman's  
12 representations are consistent with our  
13 understanding of the stipulation. The goal  
14 was to keep rates as they were on 12/31/99,  
15 to impute whatever revenues from those rates  
16 are necessary to cover the four elements that  
17 we listed specifically in the stipulation,  
18 and to otherwise not do anything differently,  
19 and that was a quid pro quo for not or for  
20 giving up our contention that a 10-percent  
21 rate reduction should apply to the referenced  
22 tariff elements.

23 BY MR. MARCELYNAS:

24 Q. (Marcelynas) One more question on  
25 special contracts for Mr. Soderman.

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1 sir.

2 THE CHAIRPERSON: Any further  
3 follow up, Mr. Weishaar?

4 MR. WEISHAAR: No,  
5 Mr. Chairman.

6 THE CHAIRPERSON: Thank you.  
7 In view of the hour, I think we are going to  
8 stop for today. The plan is that we will  
9 reconvene here at 10:00 a.m. tomorrow.

10 We will finish the  
11 Department's cross on this panel, if we may,  
12 and give, let's see now, by my records OCC,  
13 the AG, and Enron Energy would still have the  
14 opportunity to cross, and then we will move  
15 from there into the Late-File 29 and 31  
16 debate, I guess, and with any luck at all the  
17 survivors will be able to leave by about 5:00  
18 tomorrow afternoon.

19 Yes, Mr. Murphy.

20 MR. MURPHY: If I may just  
21 have a quick follow-up question to a comment  
22 Mr. Soderman just made.

23 THE CHAIRPERSON: You bet he  
24 hasn't packed it up and I see he still has a  
25 smile. He would be willing to answer.

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1 THE CHAIRPERSON: Yes, sir.

2 BY MR. MARCELYNAS:

3 Q. (Marcelynas) For other special  
4 contract customers, although it doesn't  
5 require the bill to be -- their bills to be  
6 unbundled, I believe the act does require  
7 that they be assessed C&LM and renewables;  
8 correct?

9 A. (Soderman) Yes, and, in fact, they  
10 are, but not on an unbundled basis, I guess  
11 is the way I would put it.

12 Q. (Marcelynas) Is that how --

13 A. (Soderman) Yes. It would be  
14 consistent out of the total revenues of the  
15 special contracts provided that we would be  
16 presuming that they are paying their  
17 conservation and renewables assessment out of  
18 those revenues.

19 Q. (Marcelynas) So this -- the  
20 treatment within the stipulation is  
21 consistent with your presumption for those  
22 contracts?

23 A. (Soderman) Yes.

24 MR. MARCELYNAS: Thank you.

25 THE CHAIRPERSON: Thank you,

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1 EXAMINATION

2 BY MR. MURPHY:

3 Q. (Murphy) For the record, Michael  
4 Murphy with the Department, earlier, a few  
5 minutes ago you spoke to a need for  
6 flexibility to meet the variety of financial  
7 and accounting objectives that were outlined  
8 by Mr. Roman.

9 A. (Soderman) Yes.

10 Q. (Murphy) By "flexibility" are you  
11 referring to the various true-up mechanisms  
12 proposed by the company in this proceeding?

13 A. (Soderman) No. I was speaking  
14 more in line with having the flexibility for  
15 setting a baseline of recovery of stranded  
16 costs in a manner that we believe would be  
17 acceptable to meet the accounting standards,  
18 and then having the flexibility to take  
19 advantage of, if we had room under the rates,  
20 to accelerate recovery of a stranded cost, to  
21 do so but not basically lock in a fixed  
22 period of recovery in case other  
23 circumstances created problems for us to do  
24 that.

25 So what, to give you an example, we

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7 STATE OF CONNECTICUT

8 DEPARTMENT OF PUBLIC UTILITY CONTROL

9  
10 Docket No. 99-03-36

11 DPUC Determination of the Connecticut

12 Light & Power Company's Standard Offer

13 Supplemental Hearing

14  
15 Supplemental Public Hearing held at the  
16 Department of Public Utility Control, 10  
17 Franklin Square, New Britain, Connecticut, on  
18 December 1, 1999, beginning at 1:00 o'clock  
19 p.m.

20  
21  
22  
23 H e l d B e f o r e:

24  
25 The Hon. DONALD W. DOWNES, Chairperson



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1 Now the revenues that we receive  
2 from the GSC adder that would normally be  
3 used to now recover stranded costs, we have  
4 not done that calculation in the rates, but  
5 what we would do is any adders that we do  
6 receive, we would use to credit and more  
7 rapidly amortize stranded costs in our  
8 reconciliation process of the CTA.

9 So there would be another source of  
10 revenues that would be used to offset  
11 stranded costs. That is not apparent in this  
12 response because it does not go to the CTA  
13 model.

14 We did not file a CTA and stranded  
15 costs recovery model along with this  
16 response, but the mechanism would be that to  
17 the extent that stranded costs are recovered  
18 in the retail adder, they would not be --  
19 they would not have to be collected in the  
20 CTA.

21 But rather than lower the CTA, what  
22 we have done is maintain the CTA that falls  
23 out of here and amortize more stranded costs.

24 Q. (Murphy) Thank you. Back to the  
25 summary page, page 1 of the bulk filing, and

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1 outdoor lighting group, we have determined  
2 that they do not conform.

3 Q. (Murphy) The remainder of each --  
4 the remainder of rates, each individual rate  
5 does conform, the DPUC illustrative numbers  
6 conform to the NRG range?

7 A. (Davis) I believe also rates 40,  
8 41, the 984 and 985 group, as well as 119,  
9 may also not conform.

10 Q. (Murphy) And with regard to the  
11 Scenario A, do each one of those individual  
12 rates conform to the terms and conditions of  
13 the wholesale contract with NRG?

14 A. (Davis) I believe they do.

15 Q. (Murphy) If we could look at  
16 Rate 41, I want to use this one as an  
17 example. The 4.2 number appears to breach  
18 the range. And I was wondering if you could  
19 explain why exactly this does that.

20 I was just looking for Rate 41 on  
21 page 16; it has a positive .41. And this  
22 number is lower than the baseline?

23 A. (Soderman) We are looking at  
24 Exhibit 17, which is a protected document,  
25 and we are looking at column A for Rate 41,

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1 also refer to page 16, the protected  
2 document, the agreement with NRG Power. I  
3 would like to make a couple of comparisons --

4 THE CHAIRPERSON: As we work  
5 our way through this, if we become concerned  
6 that there is information that needs to be  
7 protected, somebody will please raise that  
8 objection for me.

9 MR. KNICKERBOCKER: You are  
10 talking about the schedule in the NRG  
11 agreement that established caps on the retail  
12 adder?

13 MR. MURPHY: That is correct.

14 MR. KNICKERBOCKER: We  
15 concluded the last time around that that  
16 particular part of the agreement is not  
17 protected.

18 THE CHAIRPERSON: Thank you.  
19 They are fair game Michael; go for it.

20 BY MR. MURPHY:

21 Q. (Murphy) Do the DPUC illustrative  
22 GSC rates conform to the terms and conditions  
23 of the wholesale contract with NRG?

24 A. (Davis) As indicated in our  
25 response in Late-Filed 44, for the street and

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1 and we are seeing that number, and when we  
2 subtract that number or subtract the .41 from  
3 that number, we think that that adjustment is  
4 not -- the difference between the two prices  
5 is not greater than .41.

6 Q. (Murphy) So the .41 is an absolute  
7 value?

8 A. (Soderman) That is the way we have  
9 interpreted its potential use.

10 Q. (Murphy) It is confusing because  
11 some of the values on page 16 are negative;  
12 they are in parentheses.

13 A. (Soderman) That is correct, but  
14 just with the plain language of the Section  
15 9.3 of the contract, it is not clear whether  
16 it matters whether it is a positive or  
17 negative.

18 It could be an out just for that  
19 difference, and we have not tested that  
20 particular provision with anyone, but we just  
21 identified that it potentially could be out  
22 of whack.

23 I think the other reason why we  
24 think it is appropriate is to make the  
25 pricing among those various rate classes